

☞ **07hr\_ajr0023\_AC-ECL\_pt01**



Details:

(FORM UPDATED: 08/11/2010)

**WISCONSIN STATE LEGISLATURE ...  
PUBLIC HEARING - COMMITTEE RECORDS**

**2007-08**

(session year)

**Assembly**

(Assembly, Senate or Joint)

**Committee on ... Elections and Constitutional Law  
(AC-ECL)**

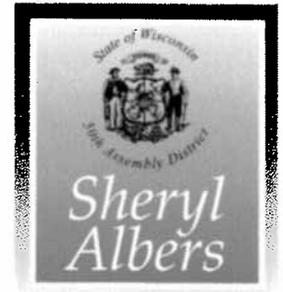
**COMMITTEE NOTICES ...**

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**
- Record of Comm. Proceedings ... **RCP**

**INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL**

- Appointments ... **Appt**
- Clearinghouse Rules ... **CRule**
- Hearing Records ... bills and resolutions
  - (**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)
  - (**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Date  
?



## **Testimony – AJR 23 “Proposition 13 Plus”**

Thank you Mr. Chairman and members for this opportunity to testify on this important legislation that would limit the maximum annual increase in the property tax assessment on a piece of property not to exceed the lesser one of the following: 3%, inflation in the prior year (minus 0.5%, but not less than zero), or an amount that raises the assessed value above the fair market value. Exceptions would be made for property that is resold or for property improvements. Tax rate increases would also be frozen unless increases were approved through referendum.

AJR 23 is a proposal based off the California ballot initiative known at “Proposition 13,” which reduced property taxes an average of 57% in that state. California voters approved a ballot initiative in a 1978 referendum, which came to be known as “Proposition 13.” In California property taxes are now capped at 1% of the purchase price. In the almost thirty years since its passage, property taxes have fallen in California and homeowners have

had predictability and stability when determining their tax burden and anticipated revenues.

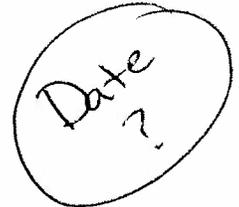
Higher purchase prices for homes result in higher assessments for everyone in a given community. Even if communities don't want to increase their assessments, non-elected bureaucrats at the Department of Revenue can step in and force a reassessment. Realtors' commissions, ranging from 3% to 7%, also add to overall increases in equalized value. Despite claims that reassessments lead to lower tax rates, this hasn't been the case. Assessments are clearly increasing faster than people's ability to pay.

Taxing people out of their home puts a dark cloud over working people's ability to not just achieve but rather to hang onto what was their American dream.



# Wisconsin Property Taxpayers, Inc.

P.O. Box 1493 Madison, WI 53701  
608 255-7473 / 800 994-9784



## Impact of AJR-23 On Individual Property Tax Burdens

Chart 1. (over) illustrates the long term impact of AJR-23 on assessed values of three homes on the near East side of Madison purchased new for \$14,000 in 1946. Throughout the years, the Fair Market value of all three homes increased at about 4% per year –more than 1,000 percent – from \$14,000 in 1946 to \$141,610 last year.

In this example, Home 1 is assessed and taxed on the basis of its Fair Market Value. Home 2 was sold at and assessed at its Fair Market value in 1976. Under AJR-23, the assessment on that home would have increased no more than 3% per year from 1976 to 2006 ; and the assessed value of Home 3 would have increased no more than 3% from 1946 to 2007 when it was sold for \$143,500 following the death of the original owners.

If this amendment had been in effect in the past sixty years, the assessed value of Home 1 would have increased 10½ times; Home 2's assessed value would only have increased about 8 times; and, the assessed value of Home 3 would have increased slightly less than 6 times it's original purchase price..

Under current law all three of these Madison homes would have been assessed at \$141,610, and each would have paid \$3,039 in property taxes last year.

If this amendment had been in effect, Madison's tax rate would have had to be 28% higher to generate the same amount of revenue -\$9,117; and, Home 1 would have paid almost \$1,000 more; Home 2 would have paid \$71 less and Home 3 would have paid \$818 less than last year. (See Table 1. below.)

Table 1.

	2005 Actual			AJR-23		
	Assessed Value	Tax Rate	Tax	Assessed Value	Tax Rate	Tax
Home 1	\$141,610	\$21.74	\$3,039	\$141,610	\$27.74	\$3,928
Home 2	\$141,610	\$21.74	\$3,039	\$107,005	\$27.74	\$2,968
Home 3	\$141,610	\$21.74	\$3,039	\$ 80,079	\$27.74	\$2,221
Total	\$424,830		\$9,117	\$328,694		\$9,117

## Impact of AJR-23 On Property Tax Rates

AJR-23 would reduce property tax bases (assessed values) relative to the ongoing cost of providing local government services, and would require yearly referendums to increase property tax rates to increase revenue to compensate for those increased costs.

Under AJR-23, Madison's tax rate would have had to be about 28% higher -\$27.74 compared to \$21.74 - to recover the same amount of revenue \$9,117 from the three East side properties illustrated in Table 1. above, last year.

## SUMMARY

Because AJR-23 would:

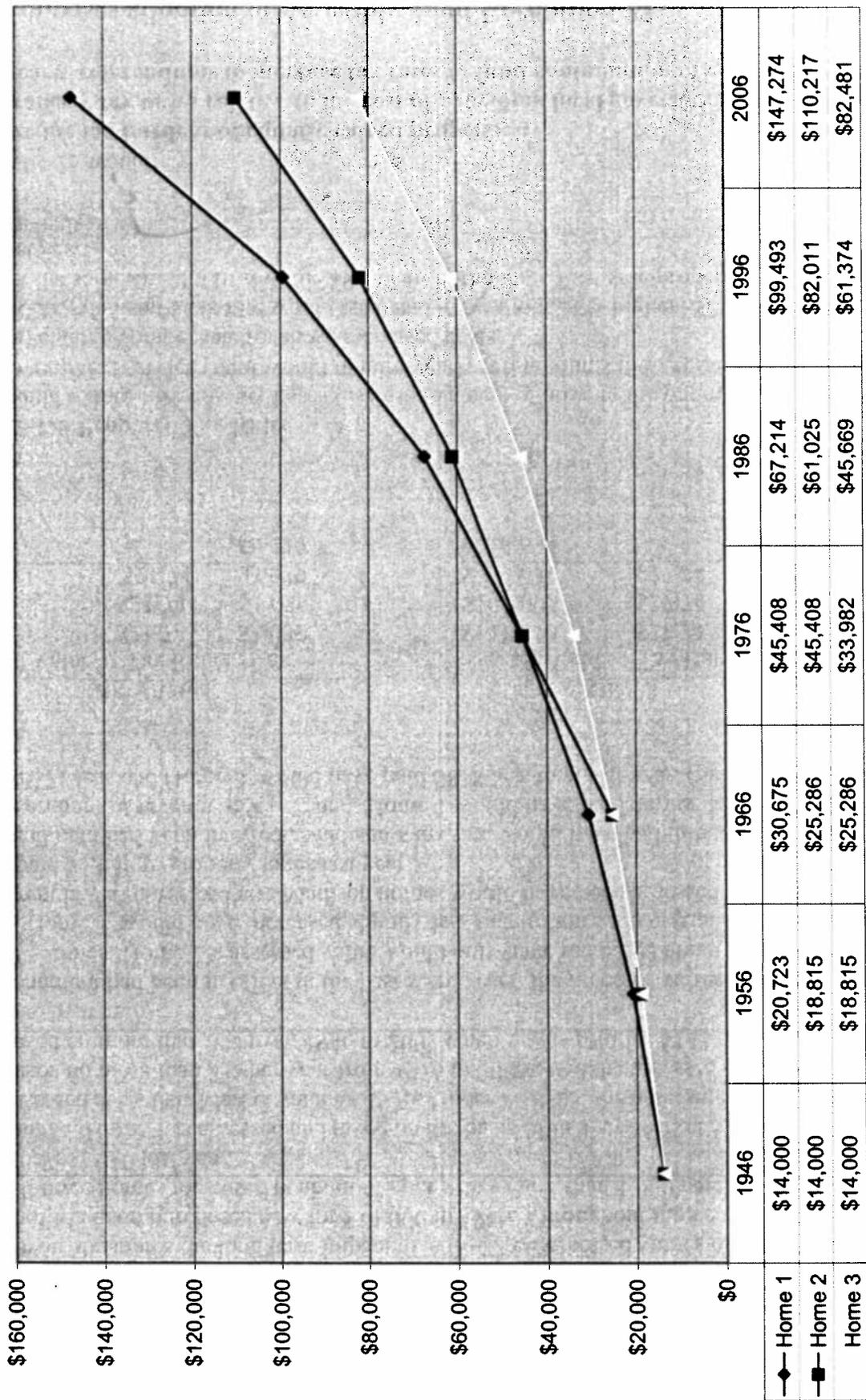
**Disequalize the tax burdens of equally valued properties;**

**Reduce property tax bases relative to the cost of providing local government services; and,**

**Require yearly referendums to increase tax rates to fund continuation of essential services,**

**WPT strongly opposes adoption of Assembly Joint Resolution 23.**

### AJR-23 Impact On Assessed Value





Date ?



## Wisconsin Property Taxpayers, Inc.

P.O. Box 1493 Madison, WI 53701

**TO: Members of the Elections and Constitutional Law Committee**  
**FROM: Michael M. Birkley, Legislative Director**

### **Position Statement On AJR-23**

#### **Current Law: Uniform Distribution of Tax Burden**

Current law guarantees that all property taxpayers pay their fair share of the cost of providing school and local government services by requiring that all taxable properties are taxed uniformly (the same tax rate) on their properties' share of the jurisdiction's total taxable value (tax base.) (See Table 1., attached)

#### **AJR-23: Uneven Distribution of Tax Burden**

AJR-23, would guarantee that nobody will ever pay their fair share of the property tax burden; some will pay more and others will pay less depending on the value of their property at the time it was purchased. (See Table 1. and Figure 1., attached.)

#### **Tax Rate Determinations, Current Law**

Under current law, a district's tax rate is determined by dividing the tax levy by the tax base – the value of all taxable property in the district. When the tax base increases more than the levy, the tax rate decreases. When the tax base increases less than the levy, the tax rate increases.

#### **Catch 22 In AJR-23:**

#### **Tax Base Reduced Relative To Cost Of Continuation, Tax Rate Increases Prohibited**

AJR-23 limits growth in a district's tax base (assessed value) to less than the increased levy required to maintain school and local government services.

It also prohibits local taxing authorities from raising tax rates to compensate for the gap between the rising cost of maintaining existing services and the revenue available from the limited growth in the tax base, except by referendum. (See effect of AJR-23 on tax rates in Table 1. attached.)

#### **Because it would:**

**Tax some more and others less than their fair share of the costs of school and local government services; and**

**Cripple local taxing authorities' ability to raise the revenue necessary to keep up with the increased cost of ongoing and essential services,**

**We strongly urge you to reject AJR-23**



# Wisconsin Property Taxpayers, Inc.

P.O. Box 1493 Madison, WI 53701

608 255-7473 / 800 994-9784

## Impact of AJR-23 On Individual Property Tax Burdens

Chart 1. (over) illustrates the long term impact of AJR-23 on assessed values of three homes on the near East side of Madison purchased new for \$14,000 in 1946. Throughout the years, the Fair Market value of all three homes increased at about 4% per year – more than 1,000 percent – from \$14,000 in 1946 to \$141,610 last year.

In this example, Home 1 is assessed and taxed on the basis of its Fair Market Value. Home 2 was sold at and assessed at its Fair Market value in 1976. Under AJR-23, the assessment on that home would have increased no more than 3% per year from 1976 to 2006 ; and the assessed value of Home 3 would have increased no more than 3% from 1946 to 2007 when it was sold for \$143,500 following the death of the original owners.

If this amendment had been in effect in the past sixty years, the assessed value of Home 1 would have increased 10½ times; Home 2's assessed value would only have increased about 8 times; and, the assessed value of Home 3 would have increased slightly less than 6 times it's original purchase price..

Under current law all three of these Madison homes would have been assessed at \$141,610, and each would have paid \$3,039 in property taxes last year.

If this amendment had been in effect, Madison's tax rate would have had to be 28% higher to generate the same amount of revenue -\$9,117; and, Home 1 would have paid almost \$1,000 more; Home 2 would have paid \$71 less and Home 3 would have paid \$818 less than last year. (See Table 1. below.)

Table 1.

	2005 Actual			AJR-23		
	Assessed Value	Tax Rate	Tax	Assessed Value	Tax Rate	Tax
Home 1	\$141,610	\$21.74	\$3,039	\$141,610	\$27.74	\$3,928
Home 2	\$141,610	\$21.74	\$3,039	\$107,005	\$27.74	\$2,968
Home 3	\$141,610	\$21.74	\$3,039	\$ 80,079	\$27.74	\$2,221
Total	\$424,830		\$9,117	\$328,694		\$9,117

## Impact of AJR-23 On Property Tax Rates

AJR-23 would reduce property tax bases (assessed values) relative to the ongoing cost of providing local government services, and would require yearly referendums to increase property tax rates to increase revenue to compensate for those increased costs.

Under AJR-23, Madison's tax rate would have had to be about 28% higher -\$27.74 compared to \$21.74 - to recover the same amount of revenue \$9,117 from the three East side properties illustrated in Table 1. above, last year.

## SUMMARY

Because AJR-23 would:

**Disequalize the tax burdens of equally valued properties;**

**Reduce property tax bases relative to the cost of providing local government services; and,**

**Require yearly referendums to increase tax rates to fund continuation of essential services,**

*Did he send the same message when Dems had the proposal to wipe out the uniformity*

**WPT strongly opposes adoption of Assembly Joint Resolution 23.**

*clause ✓*

*He no longer sounds like a protector of taxpayers*

### AJR-23 Impact On Assessed Value

